

## Message Text

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ACTION PM-04

INFO OCT-01 EUR-12 ISO-00 IGA-02 AID-05 OMB-01 MC-02  
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TO SECSTATE WASHDC PRIORITY 6245  
INFO SECDEF WASHDC  
USCINCEUR VAIHINGEN GE  
HQ USAF WASHDC

C O N F I D E N T I A L ANKARA 0674

E.O. 11652: GDS  
TAGS: MASS TU  
SUBJ: FMS SUPPORT OF F-4 PROGRAM

1. AS DEPARTMENT AWARE, ON SEPTEMBER 30, 1976, GOT EMBARKED ON FMS PROCUREMENT OF 40 F/RF-4E AIRCRAFT FOR DELIVERY BEGINNING IN JANUARY 1978 AND ENDING IN FEBRUARY 1979. AGAINST A TOTAL PROJECTED COST OF APPROXIMATELY \$500 MILLION (INCLUDING ANCILLIARY EQUIPMENT, SPARES, SUPPORT EQUIPMENT, MUNITIONS, AND A DEPOT OVERHAUL CAPABILITY AS WELL AS THE AIRCRAFT), THE GOT ACCEPTED A LONG-LEAD TIME (LLT) LETTER OF OFFER AND ACCEPTANCE (LOA) ON SEPTEMBER 30, 1976 IN THE AMOUNT OF \$64.4 MILLION FINANCED FROM THE FY 76/77 \$125 MILLION FMS CREDIT AUTHORIZATION. TO CONTINUE THE PROGRAM THROUGH MARCH 31, 1977, ON DECEMBER 28, 1976 THE GOT ACCEPTED A SECOND LLT LOA IN THE AMOUNT OF \$69.6 MILLION FINANCED FROM THE FY 77 \$125 MILLION FMS CREDIT AUTHORIZATION, BRING THE TOTAL INVESTED IN THE PROGRAM TO \$134 MILLION.

2. DEPARTMENT WILL ALSO RECALL THAT PROCUREMENT WAS INITIATED AS SOON AS FY 76/77 SECURITY ASSISTANCE LEGISLATION PERMITTED, NOT ONLY TO RESPOND TO GOT DESIRE TO PROCEED, BUT ALSO IN RECOGNITION OF THE THEN IMMINENT CLOSURE OF F-4  
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PRODUCTION LINE. UNLESS PROCUREMENT WAS INITIATED AT THAT TIME, THE PRODUCTION LINE WAS EXPECTED TO CLOSE AND THE USG WOULD HAVE BEEN PRECLUDED FROM FULFILLING THAT PART OF SUPPLEMENTARY AGREEMENT TO US-TURKISH DCA CALLING FOR THE SALE OF F-4 AIRCRAFT FROM NEW PRODUCTION TO BE DELIVERED AT A RATE OF FOUR PER MONTH BEGINNING FOURTEEN MONTHS AFTER IMPLEMENTATION

OF THE

CA. (WHILE THE DELIVER SCHEDULE WAS ORIGINALLY DEVELOPED IN MARCH 1976 ON THE ASSUMPTION OF EARLY DCA IMPLEMENTATION, HAD THE PRODCUTION LINE CLOSED, THE DELIVERY SCHEDULE COULD NOT HAVE BEEN MET REGARDLESS OF WHEN THE DCA WAS IMPLEMENTED.)

3. DURING DISCUSSIONS LEADING TO GOT ACCEPTANCE OF THE FIRST LLT LOA AND ON SEVERAL OCCASIONS SINCE THEN, SENIOR OFFICIALS OF THE MINISTRY OF DEFENSE (MOD), TURKISH GENERAL STAFF (TGS), AND TURKISH AIR FORCES MOMMAND (TUAFC) HAVE BEEN INFORMED AND HAVE ACKNOWLEDGED THAT DUE TO CURRENT FMS RESTIRCTIONS (\$125 MILLION CEILING FOR EACH FY 76/7T AND 77), FINANCIAL SUPPORT FOR THE PROGRAM AFTER MARCH 31, 1977 (A) COULD CONTINUE UNDER FMS (CREDIT AND CASH) IF THE DCA WERE IMPLEMENTED BY THAT DATE, THEREBY REMOVING CURRENT FMS RESTRICTIONS, OR (B) WOULD HAVE TO BE PROVIDED BY CONVERTING THE PROGRAM TO COMMERICAL PROCUREMENT. REFLECTING THE IMPACT OF SUCH AN OUTLAY (UP TO \$175 MILLION FOR THE BALANCE OF FY 77) ON TURKEY'S FOREIGN EXCHANGE RESERVES AND THE GOT'S HISTORICAL RELUCTANCE TO UNDER-TAKE A COMMERCIAL PROCUREMENT OF THIS MAGNITUDE (A RELUCTANCE INTENSIFIED BY THE RECENT LOCKHEED ALLEGATIONS), MOD HAS STATED ITS STRONG PREFERENCE FOR CONTINUING THE PROGRAM UNDER FMS BUT ADMITS THAT IF THIS BECOMES IMPOSSIBLE, THE GOT WOULD CONVERT THE PROGRAM TO COMMERCIAL PROCUREMENT AS A LAST RESORT. MOREOVER, WE ANTICIPATE SUCH A CONVERSION FORCED BY DELAY IN IMPLEMENTATION OF THE DCA IOULD GIVE ADDED SUPPORT TO THOSE WHO QUESTION THE VALUE OF A US-TURKISH SECURITY RELATIONSHIP AS EMBODIED IN DCA, AND WHO FAVOR SEEKING NON-US SOURCES FOR MEETING THE MODERNIZATION NEEDS OF THE TURKISH ARMED FORCES.

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4. WHILE THERE MAY BE SOME SLIGHT FLEXIBILITY IN THE MARCH 31 DATE (A POSSIBILITY JUSMMAT IS EXPLORING WITH HQ USAF), DUE TO THE SHORT TIME REMAINNG AND THE MAGNITUDE OF THE TASK, HQ USAF IS PLANNING TO CONVENE A WORKING LEVEL CONFERENCE OF JUSMMAT AND TURKISH MOD/TGS/TUAFC REPRESENTATIVES IN MID-FEBRUARY TO WORK OUT THE PROCEDURES FOR CONVERTING THE PROGRAM TO COMMERCIAL PROCUREMENT AGAINST THE POSSIBLILITY THAT THE DCA WILL NOT BE IMPLEMENTED BY OR SOON AFTER MARCH 31. DEPARTMENT MAY ALSO WISH TO PROVIDE GUIDANCE AS APPROPRIATE FOR USE IN FURTHER DISCUSSIONS ON THIS SUBJECT WITH GOT OFFICIALS HERE.

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NNN

\*\*\* Current Handling Restrictions \*\*\* n/a

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## Message Attributes

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